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IN THE

Supreme Court of the United States

October Term, 1979

No. 79-837

MILLER BREWING COMPANY,

Petitioner,

v.

JOS. SCHLITZ BREWING COMPANY,

Respondent.

REPLY TO BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

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Schlitz' Supplemental Statement of the Case begins by quoting earlier Miller statements, made in different contexts, apparently to create the impression Miller is contradicting itself.

The Generic Issue in Heileman (Brief pp. 3-4) demonstrates that on *appeal* in *Heileman,* Miller recognized the generic issue; with the Heileman and Schlitz (amicus) briefs stressing that "light" is generic, that was easy. Concededly Miller was afforded opportunity to argue the issue as a matter of law on appeal in *Heileman.* The point

is that the record did not afford Miller an adequate factual basis from which to argue that essentially factual question. That is because when the record was made neither Miller nor the District Court had perceived this to be at issue (Petition pp. 7-9).[1]

Need for an Evidentiary Hearing (Brief p. 4) was urged on appeal, by Heileman, as a ground for reversing the preliminary injunction granted by the District Court. Miller's response was that lack of such hearing did not damn the preliminary injunction per se, and that Heileman—the proponent of the argument—had notably failed to demonstrate any prejudice from the lack of such a hearing, or to point to any fundamental factual dispute. It must be remembered that at that time, the District Court's finding had been limited expressly as being "[f]or purposes of this motion only." 427 F. Supp. at 1195, Petition App. D, p. 36a. It is the Appellate Court's lifting of that self-imposed District Court limitation, coupled with its reversal on grounds not perceived by Miller or the District Court to have been at issue, that deprived Miller of its full and fair opportunity to be heard on what, only on appeal, became the decisive issue.[2]

1. As Brief p. 4, note 2, Schlitz points out that Heileman's answer raises the generic defense; Schlitz neglects to point out that the answer was filed *after* briefing and argument of the preliminary injunction motion (or that the answer, in that respect, repudiated concessions by Heileman counsel on oral argument of the motion).

2. As we noted in the Petition, the appeal court's stated grounds for concluding that "light" is generic (Petition App. C pp. 31a-33a) derive mainly from publicly available references (of doubtful pertinence), rather than from the evidence of industry practice, public perception and brewing industry testimony that would be elicited in a hearing.

The Dispositive Effect of the Heileman Decision (Brief p. 5) was predicted as possible by Miller before that decision. Miller did not then expect a decision that authoritative commentators would describe as an "unfortunately worded" "enigma to be pondered rather than precedent to be applied" "which, one assumes, will plague courts and trademark counsel for years to come."[3]

The Petition for Certiorari in Heileman (Brief p. 5) pointed out that some foresaw the present decision as a natural consequence of *Heileman*. That petition, though, was sought to ward off anticipated future error; this is sought to correct the realization of that earlier anticipation.

In discussing *Rulings by Other Courts* (Br. pp. 7-8), Schlitz fails to disclose that appeal is pending in *Olympia*[4] and that the Judge who decided *Anheuser-Busch* has deferred ruling on a motion to make final his decision (so it may be appealed) pending "ultimate decision" of this case.[5] *Carling-O'Keefe*[6] preliminary held HIGH LIFE infringed by HIGHLITE, and is not pertinent here. The *Heileman* (Brief Appendix E) and *Erie* (Brief Appendix F) opinions expressly follow the decision below and thus demonstrate its need for correction, if it is erroneous, rather than its correctness.

3. See Petition Appendix pages 76a, 94e and 72a, respectively.

4. No. 78-1922 in the United States Court of Appeals for the Ninth Circuit.

5. Order of September 21, 1978, U.S. Dist. Ct. E. Dist. Mo., E. Div., No. 77-100C(B).

6. 452 F.Supp. 429 (W.D.N.Y. 1978).

Schlitz' Argument is divided into four sections.

1. *The Heileman Decision* argues that on review of a preliminary injunction grant or denial, appellate courts may order the case dismissed if an "insuperable obstacle" to its maintenance appears. That is correct, though application of the doctrine has been extremely rare. Here, however, we have the reversal of a preliminary injunction on basically factual grounds not in issue when the record was made. That constitutes neither an appropriate "insuperable obstacle" nor a sufficient basis for the application of collateral estoppel.

2. *Collateral Estoppel* interweaves five essentially discrete arguments. *First,* it argues that Miller introduced no evidence to show its failure to receive a fair hearing in *Heileman;* but when the decisions themselves show the issue not in dispute until the record was closed, and the law establishes that the issue is primarily factual, no evidence was needed.[7] *Second,* Schlitz argues that Miller's earlier statements rebut its present posture; as is explained above, those statements were made in other contexts. *Third,* it is argued that the present decision is correct on collateral estoppel; but the argument of that is principally based on the reasoning of the present decision, a methodology which, if valid, would virtually preclude any reversals at any

7. This is a slight oversimplification. The record also shows that on the motion to vacate, Heileman did urge that use of "light" by Schlitz (and others) had caused the term to become generic. Some affidavit evidence was introduced then. The Trial Court concluded that no clear and hard showing had been made that "light" was widely understood by the public to denote low calorie beer. 427 F.Supp. at 1206-07, Petition App. D, pp. 58a-59a.

level. *Fourth,* Schlitz argues that in this case, the legal underpinnings of *Heileman* cannot be re-examined. Perhaps that would be correct if they were not repeated, expressly incorporated and purportedly rationalized and justified in this case (see Petition App. pp. 6a-8a, especially footnotes); we know of no principle which limits this Court to correcting error only the first time it arises. *Finally,* it is urged that *Heileman* was correct; while the correctness of *Heileman* and of this case can be examined at greater length in a brief on the merits, we note that the three independent authorities who have considered the subject emphatically disagree.[8]

3. *Lite* v. *Light* simply ignores point 3 of the Petition.

4. *No Special or Important Reasons* reflects value judgments that finally will be made by this Court. The court below, in *Heileman* and *Schlitz* decided that "light" is generic before that basically factual question had been litigated. In so doing, it leaped from the unproven premise that "light beer" is generic to the dubious conclusion that "light" per se, and then LITE, are generic for beer.

Schlitz' attempt to minimize the importance of the issues presented by this Petition conflicts sharply with Miller's views, which are: that this case represents an extension of the doctrine of collateral estoppel to a degree

8. Schlitz' reply to these (Brief p. 20, note 17) is that Mr. Gilson endorses the *Heileman* result but not its rationale (a reading that we believe to be based heavily on wishful thinking), that Mr. Greenbaum was either tainted or intellectually compromised by association with counsel for Petitioner herein (which deserves no reply) and that Mr. Kleinman "is difficult to follow" (those who disagree with us often are).

that renders meaningless the safeguards of *Blonder-Tongue;* that it is vitally important that no litigant be deprived of a hearing before essentially factual issues are resolved against it; that what can be a trademark, and thus protected, is sufficiently basic and important to merit review again forty-two years after its last consideration by the Court; that the *Heileman-Schlitz* doctrine of what is generic is important because it jeopardizes numerous trademarks and is in obvious conflict with the law developed by Courts of Appeals and District Courts;[9] and that in the context of this case, the cancellation of presumptively valid, relied-upon and unopposed trademark registrations raises questions as to the integrity and validity of federal trademark registrations that justify review. It can hardly be disputed that "[t]he commercial stakes in [this litigation are] enormous."[10]

9. In *Surgicenters of America* v. *Medical Dental Surgeries,* 601 F.2d 1011 (9th Cir. 1979), the Court of Appeals apparently cites *Heileman* as an example for the proposition that "courts often have difficulty in distinguishing between generic and descriptive terms." 601 F.2d at 1015-16.

10. Greenbaum, Petition App. G. p. 73a.

Conclusion

For the reasons set forth in the Petition and above, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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